

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6445

BILL NUMBER: HB 1114

DATE PREPARED: Jan 23, 2002

BILL AMENDED:

SUBJECT: Regulation of Pet Stores.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides for the licensure and regulation of pet stores by the State Board of Animal Health (AHB).

Effective Date: July 1, 2002.

Explanation of State Expenditures: (Revised) There will be an increase in expenditures for the printing costs of applications, notifications, and postage for the new license. Depending on the number of licenses processed under the bill, the AHB should be able to absorb expenditures related to printing costs of applications, notifications, and postage within its current budget.

The bill would create the Pet Store Licensing Fund (the Fund). The Fund is to be administered by the AHB. The expenses of administering the Fund are to be paid from money in the Fund. The Fund would consist of licensing fees and civil penalties. Money remaining in the Fund at the end of a state fiscal year would not revert to the state General Fund.

The bill specifies the AHB may hire the necessary staff required for licensing and enforcement of pet stores. As of November 2001, the staff resources of the AHB available for the enforcement of pet store licensing would be 8 field veterinarians (PAT 1) and 6 animal health specialists (PAT 3). Currently, all 14 positions are filled.

With respect to administrative staff, the AHB had 134 full-time staff members, 4 vacancies, 3 employees on leave, and one intermittent position as of November 2001.

Explanation of State Revenues: The proposal would require the costs of implementing, administering, and enforcing the pet store license to be covered by the fees collected. Based on U.S. Census data, approximately 166 pet stores exist in Indiana that are primarily engaged in the retail sale of pets, pet foods, and pet supplies.

The fee for the license is set by the bill at \$200 for a cycle of two years before renewal. Licenses issued in the second year of a cycle would be \$100. Based on the estimated number of pet stores in Indiana and assuming that these pet stores would all become licensed within the first year of the licensing cycle, an additional \$33,000 could be collected from pet store licensing.

The proposal also allows for civil penalties for violations of the bill's provisions. When such a violation has occurred, the AHB may impose an administrative fine no greater than \$1,000 per violation. In FY 2001, the AHB assessed \$1,450 in fines. All fines from civil penalties assessed under this provision would be deposited into the Pet Store Licensing Fund (PSLF.)

In FY 2001, the AHB generated \$37,616 in total revenue. All revenues collected from pet store licensing would also be deposited into the PSLF.

Under the bill, the Office of the Attorney General or the AHB may file an action for an injunction to stop violators of the provisions from continuing operation.

Criminal Penalty: A person operating a pet store that knowingly and intentionally violates a rule of the AHB pertaining to the operation of a pet store under this proposal would commit a Class B misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class B misdemeanor is \$1,000. Criminal fines are deposited in the Common School Fund. If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: *Criminal Penalty:* A Class B misdemeanor is punishable by up to 180 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: *Criminal Penalty:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Indiana Board of Animal Health, Office of the Attorney General.

Local Agencies Affected: County prosecutors, trial courts, local law enforcement agencies.

Information Sources: Gary Haynes, Director Legal Affairs/Licensing, Indiana Board of Animal Health, (317) 227-0345; U.S. Bureau of Census; *State of Indiana HRM Detail Staffing Report Nov 2001*; *Indiana Auditor of State Revenue Trial Balance, June 30, 2001*.